



February 16, 2007

HOUSE BILL No. 1525

DIGEST OF HB 1525 (Updated February 14, 2007 6:22 pm - DI 101)

Citations Affected: IC 24-9.

Synopsis: New home construction and homeowner education. Provides that after June 30, 2007, a builder may not enter into a home construction contract with a prospective home buyer unless the builder first gives the prospective home buyer a written estimate of the property taxes that: (1) will be owed by the prospective home buyer on the new home; and (2) are based on an assessment made on the first assessment date after the construction of the new home is complete. Specifies that the required estimate may not be based on an assessment of unimproved real estate. Requires the Indiana housing and community development authority (authority) to prescribe a form to be used by builders in making the required disclosure. Defines an "at risk home buyer" as a person who: (1) has a credit score that is less than 620; and (2) seeks to obtain a home loan from a creditor. Requires the authority prepare and make available to creditors home ownership educational materials for use by at risk home buyers. Provides that after June 30, 2007, a creditor may not enter into a home loan with an at risk home buyer unless the creditor first gives the at risk home buyer the educational materials prepared by the authority.

Effective: Upon passage.

Murphy

January 23, 2007, read first time and referred to Committee on Financial Institutions.
February 15, 2007, amended, reported — Do Pass.

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February 16, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1525

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 24-9-4.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]:

4 **Chapter 4.5. Property Tax Disclosures for New Home**
5 **Construction**

6 **Sec. 1. This chapter applies to a home construction contract**
7 **entered into after June 30, 2007.**

8 **Sec. 2. As used in this chapter, "authority" refers to the Indiana**
9 **housing and community development authority created by**
10 **IC 5-20-1-3.**

11 **Sec. 3. As used in this chapter, "builder" has the meaning set**
12 **forth in IC 32-27-2-6.**

13 **Sec. 4. As used in this chapter, "home buyer" means a person**
14 **who enters into a home construction contract with a builder.**

15 **Sec. 5. As used in this chapter, "home construction contract"**
16 **means a contract:**

17 **(1) that is entered into by a builder and a home buyer; and**

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(2) under which the builder agrees to construct a new home that the home buyer will occupy:

(A) as a residence; and

(B) as the first occupant of the new home.

Sec. 6. As used in this chapter, "new home" means a new dwelling occupied for the first time after construction.

Sec. 7. As used in this chapter, "prospective home buyer" means a person who contemplates entering into a home construction contract with a builder.

Sec. 8. (a) A builder may not enter into a home construction contract with a prospective home buyer unless the builder first gives the prospective home buyer a written notice containing an estimate of the property taxes that:

(1) will be owed by the prospective home buyer with respect to the new home that is the subject of the home construction contract; and

(2) are based on an assessment of the new home made on the first assessment date after the construction of the new home is complete.

The estimate required by this section may not be based on an assessment of unimproved real estate.

(b) A builder shall give the notice required by subsection (a) on a form prescribed by the authority. The statement of the estimated property taxes described in subsection (a) must be made in at least sixteen (16) point font. The notice shall be signed in duplicate by both the builder and the prospective home buyer. The builder shall:

(1) give at least one (1) of the signed notices to the prospective home buyer at the time of signing; and

(2) retain at least one (1) of the signed notices for the file maintained in connection with the home construction contract.

(c) The authority shall prescribe and make available to builders the form described in subsection (b) not later than June 1, 2007.

SECTION 2. IC 24-9-4.6 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 4.6. Educational Materials for At Risk Home Buyers

Sec. 1. As used in this chapter, "at risk home buyer" means a person who:

(1) has a credit score that is less than six hundred twenty (620), as determined by one (1) or more consumer reporting

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1 agencies (as defined in 15 U.S.C. 1681a(f)); and

2 (2) seeks to obtain a home loan from a creditor.

3 Sec. 2. As used in this chapter, "authority" refers to the Indiana
4 housing and community development authority created by
5 IC 5-20-1-3.

6 Sec. 3. As used in this chapter, "credit score" has the meaning
7 set forth in 15 U.S.C. 1681g(f)(2)(A).

8 Sec. 4. (a) As used in this chapter, "creditor" has the meaning
9 set forth in IC 24-9-2-6.

10 (b) The term includes a builder (as defined in IC 32-27-2-6) that
11 enters into a home loan with a borrower in Indiana.

12 Sec. 5. Not later than June 1, 2007, the authority shall prepare
13 and make available to creditors written home ownership
14 educational materials for use by at risk home buyers in Indiana.

15 Sec. 6. After June 30, 2007, a creditor may not enter into a home
16 loan with an at risk home buyer unless the creditor first gives the
17 at risk home buyer the educational materials prepared by the
18 authority under section 5 of this chapter. The at risk home buyer
19 shall sign a written acknowledgment that the at risk home buyer
20 has received the educational materials. The acknowledgment shall
21 be retained in the file maintained in connection with any home loan
22 issued to the at risk home buyer by or on behalf of the creditor.

23 SECTION 3. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred House Bill 1525, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1525 as introduced.)

BARDON, Chair

Committee Vote: yeas 7, nays 0.

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